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Course in Banking

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LESSON XVII

Economics

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*Queen's University at Kingston*

## LESSON XVII.

### *Socialism.*

The most radical proposal for the cure of all society's ills is socialism. Few movements have been more widely discussed and at the same time more vaguely defined than socialism. It is a living movement, changing with every change in the mental horizon or material conditions of the time. It is variously colored by personal experience and by different racial and industrial surroundings. It has been an opposition policy, and so under its banner have marched the most motley forces, at one only in that all were opposed to things as they are. Some plutocrats use the term to cover any attack whatever on vested rights or vested wrongs, while some well-meaning sentimentalists, "parlor socialists" as Mr. Roosevelt termed them, use the word vaguely to denote their half-baked yearnings.

The term socialism may most easily be made clear by considering it in relation to the present system of private property and individual competition, which the socialist sums up as capitalism. Socialism is in the first place an indictment of capitalism. The indictment is urged hotly and with unsparing detail, in ponderous treatise and fleeting pamphlet, through party organs and on party platforms. Day after day and week after week vigorously edited journals keep up a running fire on every weak spot of capitalism. Night after night, on countless street corners, soap-box orators condemn the existing order root and branch. It is judged by its fruits, and its fruits are charged to be waste and wretchedness and want. All is for the worst in this worst of possible worlds: private property and devil-take-the-hindmost have failed utterly to provide an abiding foundation for the social structure.

Socialism in the second aspect presents an analysis of capitalism. Its origin is accounted for, and its present working described. An explanation is given of the way in which the workman is exploited, and the tendency of existing social forces is studied.

From a third viewpoint socialism presents a substitute for capitalism, a forecast of the ideal co-operative commonwealth that is to be. The ideal of the future, of course, varies with the analysis of the present; prescription follows diagnosis. But, neglecting minor variations, socialism in this aspect may be defined as the demand for collective ownership and use of the

means of production and for distribution of the social dividend in accordance with some principle of justice.

Finally, socialism involves a campaign against capitalism. Here variation is at the maximum. The tactics adopted have taken many forms, peaceful persuasion and armed revolt, political action and syndicalism, experimenting with "duodecimo editions of the New Jerusalem" and waiting for capitalism to dig its own grave.

It is only since the industrial revolution that socialism in its present meaning has become possible. There were early forerunners, dreamers like Plato or More or Campanella, who pictured ideal commonwealths where the wise men of the state would rule for the good of all and private property would in whole or in part disappear. Then early in the nineteenth century came men like Owen and Saint-Simon and Fourier, who thought society was in a bad way simply from ignorance, and that they had only to make clear, whether by preaching or by setting up model communities, how industry should be organized, for all men to adopt their plans at once. Karl Marx, a German Jew who had been given a radical bent in Paris and had become familiar with modern industry in London, took a new tack. He appealed not to the good will of all classes, but to the hunger of the propertyless workingmen, or "the proletariat" as he called them. It was not because of ignorance that the better organization had not come, but because the time was not ripe; industrial changes came about not by individual planning but by great blind social forces which we could only study and prepare to co-operate with. He gave modern socialism its intellectual equipment, its distinctively class-conscious spirit, and its tactics. Later other schools arose, English Fabians, French syndicalists, revisionists in Germany, and to-day the higher critics within the socialist movement have found many flaws in Marx's doctrines, but he still remains the great figure of the movement.

*Socialism is an important but vaguely defined movement. It may most clearly be defined by its relation to the present system of private property and competition, of which it presents an indictment and an analysis, for which it proposes a substitute, and against which it wages a campaign.*

### *The Indictment.*

It is in the indictment brought against the existing order that socialists are most at one. The chief charges may be summarized.

First it is claimed that even on the side of production the competitive system has failed. Everywhere about us is waste and inefficiency. Where no private profit is to be had, a service is not done, even though vitally necessary. Where profit is to be had, competitors rush in without number. We have many times as many middlemen as are necessary, a little grocery-store on every corner, where one good one would do. Contrast the planless distribution of milk by a score of competing dealers serving a single street, and the systematic distribution of mail by a central authority. Note the loss of effort and money in parallel railways, competing gas companies, duplicated electric-light or power plants. Count up the wastes of advertising. "The hatter in the Strand of London," declared Carlyle, and the socialist echoes him, "instead of making better felt hats than another, mounts a huge lath-and-plaster hat, seven feet high, upon wheels, sends a man to drive it through the streets, hoping to be saved thereby. He has not attempted to make better hats, as he was appointed by the Universe to do, and as with this ingenuity of his he could probably have done; but his whole industry is turned to persuade us that he has made such. He too knows that the quack has become God." In America this waste amounts to hundreds of millions a year.

Consider the constant lack of adjustment between supply and demand, the gluts here, the famines there. Haphazardly scattered producers prepare to meet the guessed-at wants of world-wide consumers. The adjustment is never exact. At times it fails utterly; we have crises and panics, periods of "over-production," when factories cannot sell their output and workmen cannot find employment.

The case for competition is no more favorable, it is urged, when we turn from quantity to quality of products. "Adulteration is a form of competition," was the frank apology offered by John Bright. The advance of science and original sin have made it possible to counterfeit almost every article of common household use, the more easily because of the lack of experience of the final purchaser. Even in Tennyson's day "chalk and alum and plaster were sold to the poor for bread," and the wooden nutmeg had rechristened a state. But the amateur and unsophisticated efforts of half a century ago pale before the accomplishments of to-day—the red raspberry jam which once was gelatin, aniline, and timothy seed; the prune-juice and fusel oil masquerading as whiskey; the chicory in the coffee and the pea-hulls in the chicory; the artificial oils in the flavoring-extracts; the labels we drink at champagne prices; the shoddy we are clothed in and the paper soles we walk on; the "Corot" on our walls with its paint scarce

dry. (Lesson I.) Everywhere graft is found, petty or wholesale, and honest wares or faithful service are hopeless to seek.

Not only are the wares of capitalism not what they seem, but they are not seemly. Ruskin and his followers have denounced the hideous monotony and lack of beauty in machine-made products. Our houses, our streets, as well as our goods, show the evil influence of profit-seeking, of systematized selfishness.

Financial fraud is rated more serious even than commercial fraud. As credit and corporations count for more and more, the openings for manipulation widen. The way is clear for promotion, running the gamut from the down-right swindle of the cent-a-share mining company to the honest graft of respectable over-capitalization. The company once formed, the divergence of interest between director and shareholder, temporary controller and permanent owner, tempts to all the thousand and one devices of manipulation.

What are the conditions under which men work in a competitive society? Wage-slavery, the socialist calls it. The employer holds the whip-hand through his monopoly of the means of livelihood. The main difference between the old and the new slavery is that the modern slave-driver is under no obligation to keep his "hands" from starving. Work is drearily monotonous, thanks to the huge scale of industry and the minute division of labor. Hours are long and nerve-strain even greater. Men are killed by the thousands because life is cheap: "more men are killed every year by the United States railways that employ them than were killed and wounded by General Lee's army in the sanguinary three days' conflict at Gettysburg." Foul factory conditions shorten life. At fifty men are flung on the scrap-heap. And for all the monotony and weariness of this toil, the workman's greatest fear is lest he should lose it. Worse than want is the constant dread and fear of want, the ever-hanging menace of unemployment.

*The socialist condemns the existing order root and branch. On the side of production he charges waste and inefficiency, dishonest and unseemly wares, financial fraud and slave-driver working conditions.*

Turning from production to distribution, what are the results of this system so far as the mass of men are concerned? So small a share, it is charged, that for most men the existing order means lifelong poverty. To the few are given millions, unlimited power over the lives and services of their fellows,

opportunity for boundless luxury and maddening display; to the many, a starving pittance which barely keeps body and soul together and shuts out all hope of development and a share in the gains of civilization. Centuries ago in Merrie England John Ball preached the contrast between lord and peasant, oppressor and oppressed: "Ah, ye good people, the matter goeth not well to pass in England, nor shall not do till everything be in common, and that there be no villeins nor gentlemen, but that we may be all united together, and that the lords be no greater masters than we be. What have we deserved, or why should we be kept thus in servage? We be all come from one father and one mother, Adam and Eve—whereby can they say or show that they be greater lords than we be, saving that they cause us to labor to bring forth what they consume? They are clothed in velvet and furs; we are dressed in poor clothes. They have their wine, spices, and good bread, and we have oatcake and straw, and water to drink. They dwell in fair houses, and we have the pain and the toil, rain and winds in the fields. By the produce of our labor they keep and maintain their estates. We be called their bondmen, and without we readily do their will we be beaten." And today, after five centuries of progress in civilization, with political freedom secured and the industrial system revolutionized, a calm observer in modern England, Frederic Harrison, can pass this damning verdict: "To me, at least, it would be enough to condemn modern society as hardly an advance on slavery or serfdom, if the permanent condition of industry were to be that which we behold, that ninety per cent. of the actual producers of wealth have no home that they can call their own beyond the end of the week; have no bit of soil, or so much as a room that belongs to them; have nothing of value of any kind except as much old furniture as will go in a cart; have the precarious chance of weekly wages which barely suffice to keep them in health: are housed for the most part in places that no man thinks fit for his horse; are separate by so narrow a margin from destitution that a month of bad trade, sickness, or unexpected loss brings them face to face with hunger and pauperism."

Consider that in one year in the United Kingdom eight millionaires die, leaving between them as much wealth as is left by 644,000 poor people who die in the same year. An American socialist, Robert Hunter, computes that even in the United States four million people are forced to seek public relief every year. Foul slum housing conditions and lack of recreation facilities take heavy toll in weakened bodies and premature deaths. The lack of means, the promiscuous overcrowding, the lack of healthy outlets, drive thousands of work-

ing girls, it is declared, into white slavery. A favorite socialist charge is that department store owners expect the underpaid girls in their employment to have recourse to "the oldest trade in the world" if not satisfied with what they are getting. Decent family life is almost impossible under such conditions.

And then society adds insult to injury by blaming on the individual the lapses its own perverse social arrangements have caused. "When we have bound the laborer fast to his wheel," comments Sidney Webb, the English socialist, "when we have practically excluded the average man from every real chance of improving his condition, when we have virtually denied to him the means of sharing in the higher feelings and larger sympathies of the cultured race; when we have shortened his life in our service, stunted his growth in our factories, racked him with unnecessary disease by our exactions, tortured his soul with that worst of all pains, the fear of poverty, condemned his wife and children to sicken and die before his eyes, in spite of his own perpetual round of toil—then we are aggrieved that he often loses hope, gambles for the windfall that is denied to his industry, attempts to drown his cares in drink, and, driven by his misery irresistibly down the steep hill of vice, passes into that evil circle where vice begets poverty and poverty intensifies vice, until society unrelentingly stamps him out as vermin. Thereupon we lay the flattering unction to our souls that it was his own fault, that he had his chance, and we preach to his fellows thrift and temperance, prudence and virtue, but always industry, that industry of others that keeps the industrial machine in motion, so that we can still enjoy the opportunity of taxing it."

The summaries given above fairly represent, it is believed, the tone and the content of the socialist indictment as it is presented in the current party literature. They scarcely do justice, however, to the powers of invective developed in the soap-boxer's nightly tirades, which rarely find their way into sobering print. As an illustration of the more extreme denunciation to which popular audiences are treated, and incidentally as an example of the capacities of the English language, the following outburst, taken from the *Chicago Daily Socialist*, may serve; it was occasioned by the jury's finding Haywood, ex-president of the Western Miners' Federation, not guilty of the charges of murder in the Colorado labor war:—

"Not guilty!"

What an immeasurable imperishable victory!

What a glorious consummation of one united, heroic struggle of a nation's crucified toilers! What an awakening hope for the world's disinherited!

A million calloused hands snatched Haywood, the true, from the despoiler's gallows at the very hour when gathered together the wolves, the jackals, the vultures and vampires—scum and scurf of hell's out-pouring—to slake their thirst in our brother's blood.

Knowing full well his impurchasable fidelity to his class and fearing his influence among their wretched victims, half maddened to revolt, every cunning tyrant and trickster in this greed-cursed nation, every snake-eyed Shylock smirking and hissing, exacting his "pound of flesh," every debaucher and exploiter of the weak and helpless, every prowler and panderer and plunderer of the nation, every loathsome apologist and cringing sycophant in press and pulpit, ear-deep in the mire, rooting for crumbs in their master's stall; every slave-driver, blood-sucker, and knee-crooking vagabond of this hell-born coterie of "law and order" pismires joined in a mighty wail as of all the fiends in hell in chorus for the blood of Haywood, as they cried for the blood of Parsons and his comrades some twenty years ago.

Methinks the lady doth protest too much.

*Still more serious is the indictment brought against the present system on the side of distribution. On one hand boundless luxury and maddening display; on the other, poverty, overcrowding, shortened life, and worse.*

### *The Indictment Considered.*

The indictment is a serious one. A social order against which such charges can be laid with any color of reason cannot be considered perfect by even the most easy-going of optimists. The socialist who focuses attention on the weak spots in the industrial structure performs a valuable service, lessened though the service may be by the wholesale and indiscriminating character of the denunciation. Candid recognition of the full extent of existing evils is the indispensable first step in progress and reform. Yet the indictment recorded fails to carry conviction to the impartial observer. It is beyond doubt onesided and exaggerated, the truth it contains nullified by the truth it neglects. He has grudged full recognition of the immensely strong points of our industrial system. He directs his shafts against a mythical extreme individualism, ignoring the restraining social forces implicit in the existing order, forces fully as characteristic as the scope and play which in the main are permitted to individual ambition and individual initiative. He has thrown the undivided blame for all the world's misery and failure on social institutions, on the tools men use, rather than on the limitations of the purely human men who use them.

The socialist has painted too black a picture. It is not merely that he has contrasted the dreamed ideals of socialism with the actual facts of the competitive order; he has viewed those actual facts out of all perspective. In his survey of society the one instance of failure is ever present to his gaze, the nine of success do not come within the range of his misery-focused lens. He cannot see the woods for the few decaying branches on the trees. His ear is attuned only to inharmonies. He sees the reeking fester of the slum, but is blind to the millions of homes in city and town and country where hard work brings forth its fruits of modest comfort and life is held well worth the living. He is alert to the occasional failure in adjustment of supply and demand, but passes over the continuous miracle by which the products of the ends of the earth are brought to each man's door and the world's markets made one. He culls industriously the instances of graft and dishonesty in contemporary business life, no difficult task, and presents them as typical of current practice, forgetting the sound honesty of the majority that provides the drab background for the scarlet sins, forgetting that no enduring commercial structure can be built on fraud, that general honesty and fair dealing are absolutely indispensable to the working of our complicated and interdependent industrial system, that the fabric of credit which the past few generations have reared assumes a general high standard of business ethics—not the perfect standard of the closet moralist, but a pretty presentable work-a-day approximation: that, in short, unless there existed a general expectation of squareness, born of experience, the operations of the exceptional crook would be impossible. He is like the yellow journal which mirrors, not life, but the exceptional sensation and crime that mar life: leaves John Smith in obscurity if for a lifetime he does honest work and devotes himself to his home interests, and exalts him to front-page publicity if on a day he loses himself in drink and murders half the family.

The socialist indictment, again, ignores the strong points of the existing order. Under this system the most powerful and abiding forces in average human nature, self-interest and family interest, are harnessed in society's service. The experience of centuries, it was noted in Lesson X, has shown that, day in and day out, the average man will not labor steadily and effectively unless there is some direct connection between his effort and the welfare of himself or family. Men will throw uncounted energy into a sport or a hobby; a fortunate few find their day's work of absorbing interest; in times of crisis many will give life itself for their fellows. But in the daily round of routine toil, with no drums beating, no hobby-interest leading on, we find that the spur of necessity, the lure

of future leisure, the desire for the power wealth gives, or the desire to safeguard the future of one's family, are needed to keep us to the mark. By throwing on each man the main responsibility for his own welfare, we ensure much greater activity and thrift and enterprise (not always, but prevaiingly, turned in helpful directions) than if each of us could rely on the government or on the community for support, and if our individual fortunes had only a very remote connection with our individual efforts. So much more effective is this means of organizing production, with all its wastes, with all its unfairnesses, that it may well be maintained that the unequal share which the poorer man obtains under such a system is larger than would be his equal share of the product of a socialistic community. "The stimulus of private property," wrote Arthur Young, a century ago, "turns the sands to gold."

It is not implied that personal interest is the sole force at the disposal of a society based on private property. Altruistic motives find ever wider scope. More and more under the existing order men are animated by the desire to serve their fellows, both in the day's work and out of the wealth a life of work has garnered. Never was the social conscience so keen, never was the sense of the trusteeship of wealth so widespread, never was the organization of philanthropy and public service so complete. But the effectiveness of the altruistic motive is no reason for disregarding the self-seeking spur to action. Both must be utilized. The task of meeting the needs of the millions who every day grow more ambitious in their standards and more insistent in their demands is too tremendous to make it possible to discard the instrument which has been found of most effective service. Individual ambition will always keep men's demands on life high. Individual ambition must be harnessed to keep the supply as high.

*While this indictment merits attention, it is evidently one-sided. The existing system is painted too black, and out of all perspective. The efficiency of this system in stimulating enterprise and industry is ignored.*

Turning from the strong points which the socialists ignores to the weak points to which he has rightly called attention, even if in exaggerated fashion, we find the socialist error lies in overlooking the counteracting forces at work, the great improvement that has already been made. Our existing society is not one of stark, isolated individualism. Men may join in voluntary organizations to secure their interests. We

have seen how much has been done by the organized self-help of the trade union, by the enlightened interest of the progressive employer, by the intervention of the state, not in abolishing competition, but in raising it to a higher plane. The state may do more by refereeing the game than by doing what the socialist demands, playing the game itself, taking over all industry and trying to operate it. Much yet remains to be done even in the most advanced countries; much to bring the more backward to their level. The very benevolence of modern society tends to complicate its problems by preserving many halt and weak who would otherwise have gone down in the fray. The immigration of countless hordes of people from the countries not yet organized on a competitive industrial basis—the factoryless paradise of southeastern Europe and of Asia, where the “blight of capitalism” has not yet seriously entered—into the capitalistic countries which they unaccountably prefer, makes the task of training never ending.

Some of the specific points made may be referred to very briefly. The wastes of competition are undesirable, but it is wrong to assume that the middleman is a parasite; the utilities of time and space are as important as the utilities of form and content. The merchant who brings the cloth to the consumers’ town and stores it until demand arises and sells it in the desired quantities, performs as real productive service as the man at the loom. Advertising is in part informative, not purely competitive, and while it wastes much effort, it stimulates rivalry and progress. Adulteration is met by the use of labels and trade marks bringing home responsibility, and by state inspection. Financial fraud is widespread, though there are always safe and conservative investments possible; where fraud is found, it is as much the duty of the state to suppress it as to suppress highway robbery. Work in modern factories may be monotonous, but probably earlier conditions are painted too rosily, and the constant shortening of hours makes it possible to secure variety of interest outside one’s work if it is not to be found in it. Slum housing conditions are being fought steadily, and steadily improved. The possibilities of decent living are increasingly brought within the reach of the vast majority. The stimulus of private enterprise has so perfected production as to lower prices of goods and services in nearly every line, and to bring within the reach of the many of to-day what were the luxuries of the few of yesterday. Private benevolence and public intervention have provided for all comers the school, the library, and the museum, the park, the playground, and the bathing-beach. If, with these facilities for meeting the most necessary wants, ends do not always meet, the responsibility is not wholly to be thrown on the in-

sufficiency of wage-resources. Equally at fault, though unaccountably neglected by the socialist critic, is the misdirection of expenditure, the purchase of a gramophone when the larder is bare, and the shiftless waste which prevents whatever expenditure is decided on from giving its full service. Saner standards of consumption are as vital and necessary as more equitable standards of distribution. The lessening by half of the British drink-bill, or the injection into the average American household of the French qualities of ingenious thrift might work more improvement in the general welfare than the most pretentious scheme of industrial reorganization.

Nor should attention be confined solely to the material goods whose unequal sharing has been the burden of socialist complaint. The over-emphasis which socialism has placed on the material outcome of the competitive struggle is radically unsound. It is not merely dollars, many or few, that a man wins in life's battle. The struggle calls for and develops qualities of character of immensely greater significance. It is not implied that financial success is an unfailing index of moral strength; few Pittsburgh millionaires have been canonized. Yet by and large it is true that the industrial organization which makes each tub stand on its own bottom has by its disciplinary and selective action developed the homely virtues of industry and thrift, the qualities of insight and initiative which compel success. There is no monopoly in these goods of character. One man's more does not mean another's less.

It is also true that life's choicest gifts, love and honor and consecration to others' service, the glory of the sunset and the peace of the midnight stars, are goods not bought with a price, and goods as close within the reach of the cottage as of the mansion. Not that material goods may be dispensed with: it is necessary to live before it is possible to live well, and to offer to a man who asks for bread, free access to a gallery of old masters, is empty mockery. Starvation is as fatal to aspiration as surfeit. But once this minimum is secured, it rests with the individual to determine whether he will live for his neighbors' eyes or by his own, whether he will devote his means to competitive display and conspicuous waste, or will seek to develop his own personality. By all means let us strive to insure for every man and woman the possibility of making an adequate living, but do not let us forget, as the socialist, like the multi-millionaire, is prone to forget, that making a living is not living.

A final source of error in the socialist arraignment is the disregard of the outstanding facts in the relation of men to

their tools. Neither the weakness nor the strength of human nature will ever permit this earth to harbor a flawless social order. The weaknesses of human nature will not permit it; however cunningly devised the institutions, the Old Adam will break through and wreak havoc. The utopian fallacy dies hard, that hidden in some undiscovered Atlantis or shrouded in the mists of the future there may be found an ideal social organization which man, naturally perfect, will be able to work without creak or friction. We are sometimes in danger of losing sight of the responsibility of the individual by shouldering all the blame on that intangible and ungrieving abstraction, society, absolving A by holding B and C at fault and B by A's and C's neglect.

Nor will the strength of human nature, the ceaseless striving for betterment, any more than its weaknesses, ever permit this faultily faultless perfection. In the future as in the past progress must be rooted in divine discontent. The goal ever fades into the distance; every step upward opens new horizons; achievement always lags behind conception. If ever the voice of the critic is hushed, it will mean that society has attained not perfection but stagnation. Because finality is impossible is no reason for folding the hands and acquiescing in the present ills, but it is a reason for disregarding the factious criticism which would have us scrapheap civilization because with all our progress there yet remain many a blot to be removed and many a manful fight to be waged.

*The weaknesses charged are real, but equally real are the efforts made to better conditions and the large measure of success achieved. Spending should be considered as well as earning, and the blame be shared between men and their tools. Both the weakness and the strength of human nature make a flawless social order for ever impossible.*

### *The Socialist Analysis.*

The earlier socialists who looked out upon the world they found so evil were at no loss to explain how the evil arose. Through ignorance or knavery men had created customs or institutions which prevented the plans of Nature or Providence for man's happiness finding success. Training and education had perpetuated these institutions, the blinders of custom had prevented men from seeing how much better things might be managed, if they only wished. Private property must go the way of kingcraft and priestcraft as exploded superstitions. Under the regime of private property, production was poorly organized; there was no superior power to assign men to the

tasks for which they were fit; millions of men were busied in sterile middleman or lawyer or customs official tasks or were not busied at all. A host of parasites fattened upon what little was produced. Such in brief was the explanation given in the first half of the nineteenth century by Fourier or Owen or Saint-Simon, with, of course, many individual variations.

In the second half of the century, Karl Marx made his great contribution to socialist theory, and shaped the course of the movement down to our day.

In the analysis which Marx made of the existing industrial system and its tendencies there are three points which must be noticed. They are, the materialist conception of history, the labor theory of value and surplus value, and the forecast of capitalist development.

*The Materialist Conception of History.* In common with other thinkers of his time, Marx opposed the earlier opinion which made history a record of individual feats and of conscious striving. The world had been moved by great social forces, and could not have advanced otherwise than as it had done. In this development, Marx continued, the chief force was class struggle, struggle for economic welfare. At bottom all history was to be explained in economic terms. All politics and war, all religion and art and science, depended in last analysis on the form of economic organization that prevailed, and changes in these spheres of life merely reflected economic changes. In his own words he championed "that view of the course of history which seeks the ultimate cause and the great moving power of all important historic events in the economic development of society, in the changes in the modes of production and exchange, in the consequent division of society into classes against one another." Or somewhat more fully: "That proposition is, that in every historical epoch, the prevailing mode of economic production and exchange, and the social organization necessarily following from it, form the basis upon which is built up, and from which alone can be explained, the political and intellectual history of that epoch; that consequently the whole history of mankind (since the dissolution of primitive tribal society, holding land in common ownership) has been a history of class struggles, contests between exploiting and exploited, ruling and oppressed classes; that the history of these class struggles forms a series of evolution in which, nowadays, a stage has been reached where the exploited and oppressed class—the proletariat—cannot attain its emancipation from the sway of the exploiting and ruling class—the bourgeoisie—without, at the same time, and once and for all, emancipating society at large from all exploitation, oppression, class distinctions and class struggles."

In one sense there is much force in Marx's doctrine. His emphasis on the importance of the economic factor in history was a natural reaction from that unreal closet philosophy which read all life in terms of intellectual speculation, and judged it beneath the dignity of history to take heed of the effect of the ways in which men earned their living. History was too much a record of the doings of kings and generals, of court intrigues and mistresses' rise and fall. The common people, and their institutions, were ignored, and especially economic institutions were entirely overlooked. All history is being rewritten under the influence of this fertile conception—a conception of course not due to Marx alone.

But, not content with merely stressing this factor, Marx, as is inevitable in the proclamation of a revolutionary idea, exaggerated the doctrine to an indefensible degree. It is impossible to bring all the wide range of human interest and motives under a single rubric. The thirst for fame and for power, religious aspiration, racial prejudice, sex-attraction, scientific curiosity, the instinct of play, are as real and as primary forces as economic environment. It is illuminating in many instances, in the discussion of past wars, for example, to seek the economic factor, to note the influence of the desire for booty, or territory, or markets, or mines, to exploit. In every war, Hunnish inroad, Iroquois raid, Mahometan expansion, Christian Crusade, Napoleonic struggle, British-Boer or Spanish-American conflict, one finds mingled in greatly varying proportions some or all of such motives as the desire for glory, the thirst for "sport" and excitement, religious fanaticism, the memory of traditional feuds, dynastic ambition, the altruistic desire to help the under-dog, racial jealousy fired by medicine-man or yellow press, and the economic interest of a whole or a dominant section of a people. The latter is only one of many causes.

Marx, however, goes further. Not only are economic motives dominant, but they work in one particular way, through class-struggle. All progress has come by the struggle of one class with another, and this will be so until the triumph of the workers ends all class-division.

This doctrine is even more open to criticism than the more general version. It is true class-struggle is a very real and very important factor in modern life. Yet men are not divided into two rigidly divided classes, as Marx maintains—capitalists and propertyless wage workers. Men's economic interests are rarely single; in the complexity of modern industrial society their relations are not confined to a single other group; they cannot be classified solely from one viewpoint.

The strata are many, the cross-sections innumerable. Geographical division, occupational interest, color and racial differences cut athwart the symmetrical lines of the class-struggle theorist. Not merely do the interests of the workmen and employer diverge, so far as the sharing of the product goes, but the German agrarian struggles against the manufacturer, the small shopkeeper against the great departmental store, the independent manufacturer against the trust, the white bricklayer or fireman against the negro, the American trade unionist against the immigrant, carpenters' against woodworkers' union in jurisdictional disputes. Employers and employed unite in a closed shop, closed-masters' agreement to prey on the consuming public; trade unions back trusts' demands for more room at the tariff trough. The joint-stock company opens all fields to investment by all classes; the workman becomes his own landlord: economic categories less and less coincide with definite and unchanging bodies of individuals. Nor, again, where men are divided into economic classes, do they always follow their economic interest. Racial antagonism or gambling or baseball may absorb the interest and energy that in the socialist scheme of things would have been given to fighting for the revolution. The class-struggle doctrine has done much to light up some dark places in history, but it is not the all-complete explanation.

*In using the economic key to unlock the secrets of history, Marx and others have added much to our knowledge of past and present alike. But this interpretation is pushed too far, to the ignoring of other equally fundamental forces in history; men are not members of economic classes and nothing more.*

**Labor Theory of Value.** Having discovered in the materialistic conception of history a key to all human achievements, Marx proceeds to use it to unlock the secrets of the present epoch, to disclose the essential nature and trend of capitalistic production. To-day the class struggle takes the form of contest between capitalist and workman, exploiter and exploited. Marx's first problem, therefore, is to explain how present-day exploitation is worked. His explanation takes the form of the theory of surplus value, which, again, rests on a theory of value.

This theory is, in brief, that the value of all commodities depends solely upon the amount of labor that goes into them. Having explained how the value of commodities is regulated, Marx proceeds to use this doctrine to illumine the process of

the exploitation of labor by capital. Our friend Moneybags, he puts it, takes advantage of labor's value-creating property. He finds the commodity, labor-power or capacity for labor, offered for sale on the market by the laborer, who is at once free to bargain for its sale and without other resource than the proceeds of this transaction. This commodity Moneybags buys for a definite period, paying for it its full value, this value being, as in the case of other commodities, determined by the labor-time socially necessary for its production, and thus equivalent to the value of the means of subsistence for the laborer and his substitutes, his children. The capitalist finds his profit in the circumstance that labor-power has the peculiarity of being a source not only of value but of more value than it has itself. In, say, half a day, the laborer can produce a value equivalent to the cost of his labor-power. He has, however, sold his whole working capacity. He is obliged to continue working beyond this point and in the other half day he produces value for the capitalist, surplus value in short. The value of labor-power and the value of the product which labor can be made to yield are two entirely different magnitudes; it was this difference that the capitalist had in view in purchasing the labor-power. Constant capital, that part of capital invested in plant and material, merely reproduces its own value in the process of manufacture. Variable capital, on the contrary, the portion invested in labor-power, reproduces its own value and the whole of the surplus appropriated by the capitalist. The capitalist increases his surplus value or profit by increasing either the length of the working day, the intensity of labor, or the productiveness of labor: the records of English factory development, Marx urges, are black with evidences of all these forms of exploitation.

It is not necessary to discuss at length this theory. It is clear that the value of any article depends as much upon its utility as upon its cost of production. An article which goes out of fashion ceases to have value, though the amount of labor that went to its making is no less. Nor is the manual labor the only factor on the cost of production side. We cannot ignore the services of the employer and the capitalist, and we cannot isolate the contribution made by any one factor in production. Profits in different industries do not, as a matter of fact, vary in proportion to the amount of labor employed, as would be necessary if the exploiting of labor were the sole source of profit.

*The Law of Capitalist Development.* Given this doctrine of surplus value, Marx goes on to explain the future trend of development. The capitalist reinvests the surplus-value or

profit which he has taken from the laborer. This investment more and more takes the form of machinery, and this means less employment for workmen. A steam plough, he declares, is an incomparably better instrument of production than an ordinary plough, but the capital it represents would employ more men if laid out in ordinary ploughs. The relatively smaller proportion of capital available for the hire of wage-labor means that many are unable to find employment. There grows up an "industrial reserve army," whose pressure reduces the wages of those who still have work. This means growing misery, oppression, ignorance, degradation for the workers. At the same time the large factory, the large farm, are swallowing up their small rivals, industry is becoming concentrated in a few establishments and wealth centralized in the hands of a few plutocrats. The middle class disappears. Again, crises occur with ever increasing frequency and disastrous effects, proclaiming that capitalism has broken down. At last misery goads the workers to rise and seize from the few holders the ownership and control of the means of production, which the previous development has concentrated in a fashion fitted for central state control.

In brief, this analysis and forecast have not been borne out by time. If more capital goes into machinery, still more goes into wage-payment. It cannot be certain that wage earners will increase faster than this wage-fund unless it is known that the rate of increase of population is fixed and that it is larger than the rate of increase of wage-capital. No social fact is more certain than that the lot of workmen in every industrial country has greatly bettered since Marx's day. Socialist writers have been compelled to admit that the doctrine of increasing misery does not hold good. Concentration of industry has indeed been marked in many lines, but not in all, notably in farming and retail trade, and where it has occurred it has not, thanks to the joint-stock company, meant that the number of owners of property has lessened. The middle-class instead of disappearing increases in numbers and wealth. Crises are not more frequent and social insurance is grappling with many of the ills Marx pictured. The day of revolution appears no nearer than in 1850.

*The labor theory of value is unsound in that it ignores the utility factor in value and also the factors other than manual labor on the cost or scarcity side. With it falls the surplus value theory, which, further, has weaknesses of its own. Marx's forecast of the inevitable downfall of the present system, while shrewd and penetrating in some par-*

*ticulars, has on the whole not been borne out by time.*

### *The Socialist Commonwealth.*

Broadly speaking, the modern socialist proposes that the state should take over and operate all the means of production, and that the income should be allotted by state authority in accord with some principle of justice, whether equality, need, or merit. As to the details of the future socialist commonwealth, there is naturally much variance, but party programmes and official expositions make the main points clear.

The first question that faces the socialist is whether the capitalist is to be expropriated without indemnity or is to be offered compensation. A few years ago expropriation was the cry, but later, with the growing admission that the new order must be established by degrees, it was seen that it would be impossible to expropriate certain capitalists and leave the rest in undisturbed possession. Further, forcible expropriation without indemnity would be impossible; even were the great majority of the city workingmen won over to the policy, they could scarcely hope to overcome the determined resistance of the millions of farmers and the urban middle class.

If the other horn of the dilemma is then unanimously chosen, and the capitalists bought out at one hundred cents on the dollar, how is the condition of the poorer classes one jot improved? There will be heaped up an immense debt, a perpetual mortgage on the collective industry; rent and interest will still remain a first charge, still extract "surplus labor" from the workers. Even if collectivist management were to prove every whit as efficient as capitalistic, the surplus for division among the workers would not be increased beyond that available to-day. Indeed, it would be diminished. To-day a great part of the revenue drawn in the shape of rent and interest is at once recapitalized, and makes possible the maintenance and extension of industry. A socialist régime could not permit the paid-off capitalists to utilize their dividends in this manner, increasing their grip on industry; they would be compelled to spend it in an orgy of consumption. All provision for capital extension would therefore have to come out of what was left of the national dividend. The last state would be worse than the first.

Assuming the state in possession, however, we have next the problems of organizing production, the selection of the administration, the allotment of work, and the regulation of output.

As to the first point, three main solutions are offered, control by state government departments, control by independent commissions, and control by trade unions. The choice of system would in great measure depend on the method in which the socialist commonwealth came into being. Coming as a result of the gradual extension of state and municipal ownership to one industry after another, the first alternative would be the most probable solution. The prospect is one which should warm the cockles of a Tammany grafter's heart. Here would be a prize worth the striving for, the control not of a narrow section of men's activities but of the whole wide field. Incalculable interests would be at stake. And we are asked to believe that in the strife there would be no factional struggle, no wire-pulling, no dickering, no ward heelers, no slates, that in this ideal state only the fittest will be chosen to office, and that there will be no machine. In such a state civil service reform would have no meaning. To prohibit civil servants from political activity when everybody is a civil servant, is to disfranchise the nation. The struggle between different groups and occupations to secure control of the government would be intense. Competition driven out of the economic door would fly in at the political window. Quite aside from this evil of still more intense political strife, there would be the consideration that the unwieldy centralization involved would be fatal to progress and efficiency. Bureaucratic routine would paralyze initiative. The red flag would be shredded into red tape.

Recognizing this danger, other socialists suggest government by commission. Government by state-appointed commissions has to its credit some notable achievements. There is, however, need here for discrimination. For its success three conditions appear to be indispensable. The number of commissions should not be so great as to make impossible that constant publicity which to-day tempers authority and remedies the evils of inertia and routine and cliqueism which sooner or later beset such bodies. The commission succeeds best when its function is gathering and dispensing information or regulating private industry; it succeeds least when it endeavors itself to carry on complex administrative duties. Finally, commissions can be independent of party pressure only so long as their appointment is not the main function of the government, and therefore not the main issue on which elections turn. Set up commissions in every sphere of activity, impose upon them the burdens of administration as well as of publicity or regulation, make them so important a factor in government that their choice will be the chief object of party rivalry, and if we escape from Prussianizing our free democracies it will only be by relapsing into the régime of faction and pull for which the commission is suggested as a remedy.

A third alternative is the election of the higher officials in each industry by the workers directly concerned, rather than by the general electorate. This plan has been put forward sporadically for many years but has recently been given fresh momentum by the growth of syndicalism, the revolutionary European trade unionism which sees in the union or guild the cell of the future social organism. The fatal flaw in the plan is that the very conditions which give this restricted electorate fuller knowledge of the situation, heighten their direct personal interest in the issue; the range of factional struggle would be narrowed but its intensity deepened. Nor is any means provided for harmonizing the demands and the products of the separate industries.

Next, what should be produced, and in what quantities? The demand for the great staples would be clearly audible and readily met. The danger here is twofold: that production would fall into a rut and that some articles would be tabooed by the prejudice of the majority. There would not be the same stimulus to variety which exists to-day when successful novelty spells fortune. And with the instruments of production in its hands it would be easy for the state to repress all habits and tastes which seemed to the majority pernicious or useless, by simply not producing the goods in question. Beer might go—picture a German socialist state without beer—and on beer might follow tobacco, or nerve-racking coffee, or corsets, or vaudeville, or prayer-books, as the majority swayed. The same tendency exists to-day, where, as in the case of alcoholic drinks, the evils of excess are serious and widely recognized, but under collectivism its application would be immensely simplified and extended.

How much to produce is an even more difficult problem than what to produce. Under existing conditions the adjustment between demand and supply is made by price changes which automatically warn the producers of approaching scarcity or superabundance and set in motion counteracting forces. The traditional socialist doctrine of labor-value, has, however, made it appear essential to many collectivist schemers to forego this expedient, substituting, for the existing currency, labor-notes corresponding to the work performed, and setting up statistical computation in place of price charges as the means of adjusting supply and demand. If, on the other hand, money is retained, then as Engels, Marx's co-worker, pointed out, men will differ in their estimate of the future as they do now, some will lend and others will borrow, interest comes again and new masters of capital arise.

How assign the working force to their positions? Perhaps the work which is now most disagreeable might be done

by machinery, as socialists urge, but all work cannot be made equally pleasant. To parallel Lassalle's contention, to the scavenger it will not matter that he is better equipped than the scavenger of a century before; it will matter that he is not so comfortably occupied as his neighbor who is a clerk in the central bureau of the Commonwealth Scavenger Service. Compulsion, the ordering of new recruits to this or that occupation, could not long be tolerated. Could the problem be solved by varying the wages to balance disagreeableness? What, in short, is the socialist principle of justice in distribution?

*The socialist state would face many difficulties. Alike if capitalists were compensated and if they were not, whether controlled by government departments or by commissions, in determining what to produce and how much, and in the allotment of tasks, the difficulties appear insoluble.*

To many socialists the old solution of equal sharing still appeals most strongly. It has the merit of simplicity; if it worked at all it would be easy to work. It is, in fact, largely from sheer despair of the other solutions that some have been driven to advocate it. "The impossibility," confesses a Fabian Essayist, "of estimating the separate value of each man's labor with any really valid result, the friction which would be provoked, the inevitable discontent, favoritism, and jobbery that would prevail—all these things will drive the Communal Council into the right path, the equal remuneration of all workers." The complete disregard of the standards of need and of merit stamps this standard as unsatisfactory whether from the standpoint of justice or from the standpoint of practicability. Its adoption could weather the discontent of the abler members of the community only at the cost of a slackening of effort which would make the maintenance of efficiency in production impossible.

The traditional communistic standard is "to each according to his needs." This solution would be the standard of a community served by the genii of the lamp, able to call wealth into existence by a wish. To a limited degree, indeed, it might prove practicable; to a limited degree it does prove practicable to-day; the amount of police protection or use of the king's highway a citizen obtains is not based on equality or merit but on need. This degree of communistic distribution is, however, feasible simply because limited, and because the expense is met by levies on competitively earned wealth. Even were it desirable to adopt as the basis of distribution a standard which

lays all stress on appetite, physical or mental, and none on efficiency and desert, it would be impossible: men's desires are infinite. If the individual's own estimate of his reasonable needs were taken, the socialist treasury would be bankrupt in a week: if official estimate, the prospect of jobbery and tyranny opened up must give the most fanatical pause.

A variant of this proposal is suggested by Sidney Webb, who puts forward the needs of the occupation as the touchstone. "The needs of the occupation" is a delightfully hazy phrase, but seems to imply a grading according to dignity, payment in proportion to the amount of conspicuous waste required in the position, ten thousand a year to the bishop and fifty pounds for the curate. It is hardly an effective slogan for catching the votes of the masses.

Still a third standard is offered, that of service rendered. "The right to the full product of one's labor" is an old war-cry. It has been a standing charge of socialists that under the existing system the worker does not receive this full product, but is robbed by the deductions made by landlord and capitalist. The hollowness of the charge is admitted when, in attempting to apply the principle to distribution under collectivism, it is recognized that deductions must be made for the upkeep of capital. Further, it lies on the surface that a rigid application of this standard would mean short shrift for the weak and the incapable, so a second deduction must be made, and still further allowances are required for the services shared in common. How is the balance to be distributed? How is it possible to isolate each man's contribution to the joint product, to determine what is the full product of his labor? What fraction shall go to executive direction, what to bookkeeping routine, what to manual operation? "To search for the portion of an individual's labor in a social product," admits Vandervelde. "is, in the vast majority of cases, like trying to find a needle in a haystack."

If, however, the absolute contribution of each individual to the product cannot be found out, still, as at present, relative efficiency may be estimated, so far as men in the same occupation go. Very true, and just so far as socialists compromise by taking over features of the existing order, so far do they make their plan more practicable.

Tried by any of the conflicting socialist standards of justice, the existing system of distribution is far from perfect. Yet it may be said to combine in a fair measure what is valid in each of the ideals set forth, and it can be made to conform more closely without abandoning the flexible adjustment of

demand and supply which makes possible the smooth working of the industrial order. Equality, indeed, it does not secure; much may be done to bring about greater equality of opportunity; given a fair field, the inequalities of achievement and of reward that result are not open to valid criticism. Needs are partially recognized by the provision, within the limits suggested, of services in common, and by the growing stress laid on the standard of living and a living wage. Service, so far as it may be ascertained, is made a factor in reward. The criticism to be directed against the socialist position on this subject, is not that there is no merit in the ideals set forth. It is, rather, that none of the standards of justice is itself an adequate interpretation of justice, and that no abstract standard of justice can be adopted as a practical basis of distribution. Further, when ethical standards are agreed upon, it is possible, within the limits of the existing order, to secure a rough approximation to them; it is possible, by strengthening this or that factor, to alter the resultant of forces, here by enlarging educational opportunity, there by giving freer play to union activity, without endeavoring entirely to supersede the play of forces by rigid governmental rationing. Society's best hope lies in continuing to moralize the laws of supply and demand, not in endeavoring to disregard them.

*Various standards of justice in distribution are proposed,—equality, needs, merit. The adoption of any single standard and its application by government officials would be attended by serious if not fatal drawbacks. Any attempt to combine these standards and secure automatic adjustment means simply a return to the present system, imperfect, but workable and improvable.*

Grant, it may be urged, that the basis of distribution remains the same; the important fact remains that the product to be distributed will be so great as to yield a vastly greater dividend to the average worker. The popular socialist view is that under the new dispensation the huge share of wealth now annually appropriated by the capitalist class would be available for distribution among the workers. "Unfortunately," as Kautsky reminds the more optimistic brethren, "things are not to be done so simply. When we expropriate capital, we must at the same time take over its social functions"—social functions of which little was heard when the capitalist was being denounced as a robber and exploiter of other men's toil. The capitalist, great or small, is to-day charged with the important obligation of providing out of his income the capital necessary for the extension and development of industry. It

is probable that one-third of the total income of the American capitalist is at once reinvested in production. This service, under socialism, necessarily would be assumed by society as a whole. From the total product there must first, then, be made the large deduction necessary for the carrying-on of industry. Further, on the assumption that compensation rather than confiscation will be adopted, there must be made large deductions for the payment of the interest due the former owners of the capital appropriated. No fraction of this income can be directly applied, under a socialist regime, to reinvestment; it must perforce be spent in consumption goods and society as a whole be burdened with the double task of providing capital and providing for the ex-capitalist. Kautsky is only facing the inevitable when he admits that there is little possibility of raising the workers' rewards from this source and that their only hope of betterment lies in an increase of production beyond the present level.

Under the existing system, it should be borne in mind, this betterment by the improvement of production is not merely a vague dream but an actual and continuing reality. The increase in the world's wealth is constant and substantial, at least a proportionate share falling to the working classes. What possibilities of increased production has socialism to offer to compare with these realities? In the first place, it is hoped, the productivity of labor could be increased by concentrating work in the largest and most perfect industrial plants and throwing the rest out of service. This appears quite feasible, in theory. It is, as the references to trust precedents show, a tendency which is actually at work in existing society. Yet not all production can be carried on by large-scale factory methods. Again, it is hoped, that increased productivity will result from abolishing the parasites, turning the superfluous hosts of middlemen to more productive employment. Assuming that the charge of parasitism is sound, what of the host of parasitical statisticians required to keep up the equilibrium between demand and supply?

Grant that so far as the formal organization goes, with the whole available population enrolled in productive employment, and concentrated in the largest and best-equipped establishments, the socialist machinery would be adequate; the all-important question remains, what motor-force would be available to drive it? Were the organization never so perfect on paper, the collectivist state could survive only if the motor forces influencing the individual workers were approachably as strong as those in operation to-day. For whatever it may work of ill, the existing institution of private property supplies this absolutely needful stimulus. It has grown up and flourished

because rooted in imperishable qualities of human nature. It dikes and concentrates individual energy, making the connection between the activity and the material welfare of the worker and his family circle direct and compelling. It acts on one man through his ambition for pre-eminence and power, on another through his less vaulting hopes for fireside comfort and hobbies satisfied, on others, lacking full opportunity, capacity, or ambition, by their grip on bare existence. The sudden spurts of patriotic fervor or religious zeal may supplement but cannot replace this silent, eternal, persistent force.

What would be put in its place? Heightened zeal for the common weal? Perhaps for a rare minority, but for most men zeal for humanity spreads thin once the circle of family and friends is passed. The readiness of soldiers to die for their country, which Vandervelde hopefully cites, does not promise a willingness of workers to live for their country when not buoyed up by the blare of trumpet and the momentary lust of battle. Mutual supervision, the interest each has in the increase of the national dividend? Again too diffused a force, effective if at all, only against the most flagrant individual misdoings, not against the more gradual and more serious slackening and soldiering all along the line. The instinct of workmanship? Possibly, if every man could be detailed to work on his own hobbies, or if handicraft conditions returned; but in the socialists' huger steel mills and more highly specialized textile factories of the future what greater scope for the instinct of workmanship than to-day? "Ambition, the desire to occupy the highest places in the hierarchy of labor?" A powerful force, but it is rather naive to imagine that the highest places in the hierarchy of labor will necessarily go to the hardest workers, rather than, when all business becomes politics, to the most adroit politician, the hangers-on of the huge national machine of the socialistic boss.

More broadly, emulation, "the desire to excel and earn the recognition of their fellow-men?" It is urged with much force that men strive for money success because in a competitive society money success is the evidence and seal of ability and prowess, the readiest means to the end of recognition; under socialism they will continue to strive for the same end, the recognition of their fellows, even though the present intermediate standards of money achievement are discarded. Undoubtedly this spirit of rivalry underlies much of the activity of the western world, though it should not be stressed to the exclusion of the primary need for subsistence, the desire for comforts and luxuries, the thirst for the power and leverage pecuniary success can give.

Money is not merely a counter in the game of success, or poker and bridge would give less occasion for offence to the moralists. So far as it does motive activity, there is no warrant for believing that under socialism it would suffice to enforce socially desirable activity. The baseball hero, the champion pugilist, the strutting warrior, the political demagogue might receive the crown of wild olives which in the paper scheme was meant for the worthy head clerk in the Seventy-third District's Statistical Bureau. Why assume that natural harmony of social and individual interest which the socialist critic has so frequently denied? Discrepancies will exist whether the end sought by the individual is kudos or is cash.

*There appear to be no motor forces available for the socialist state at all approaching in force the motives which now stimulate industry, and therefore no likelihood of increase of wealth to equal, much less to exceed, that now secured.*

There is, then, little likelihood that the socialist state could surpass or even equal the existing order as an instrument of production. There is little likelihood that it could consistently work out a more just and practicable method of distribution. And, on the other hand, to attain this barren result, we are invited to set up an industrial system which has serious positive defects. Most serious is the danger that in abolishing competition we should abolish liberty. No amount of assurance given to-day by socialists that they do not wish to sacrifice liberty can avert that danger. In the centralized, all-powerful state, freedom and flexibility would vanish. The worker might choose between employments; he could not choose between employers. He would be but one cog in a complex machine. When all unconscious co-operation had been made conscious, when all the vast activity of the nation was made to pass in review before the central authority and receive the indispensable stamp of official regularity, individual initiative would be cramped to the uttermost and social progress made cumbersome and slow. To the consumer, the limitation of range in products and the lack of enterprise and experiment would prove intolerable. Especially dangerous would be the control of the organs of opinion. One of the most disquieting features of the present time is the grip which predatory interests have on a large part of the press, the paralyzing influence of the advertising on the editorial department. But to-day there is outlet possible for any group of enthusiasts seeking expression. Under an individualist regime socialist papers rise and flourish. Under a socialist regime would individualist heretics find as easy utterance? Discontent, now scattered among scores of individual offenders, would then be

concentrated on the state as sole offender, but its legal and peaceful expression would be made more difficult. To-day liberty is to many made a mockery by lack of equipment for the struggle, but the best way to make it real, to equalize opportunity, is not to set up a system which denies liberty to all.

If we turn to consider the fate of the institution of the family in a collectivist state, we find the same likelihood that in the effort to remedy an evil which besets the few it will be extended to all. Socialists with some justice resent the popular criticism directed against the exponents of "free love" within their ranks, from Bebel to Carpenter, on the ground that so far as theory goes, the party as a whole has never committed itself to such proposals, and that in practice there is no greater falling away from the standards of morality among socialists than among non-socialists. This may well be granted; granted, too, the justice of much of the socialist counter-criticism of the competitive conditions which for many make decent family life difficult or impossible.

The fact remains, however, that aside from the practice or the theory of individual socialists to-day, the inevitable result of the establishment of the socialist regime would be the universal breaking-up of the family relation. Inevitably the family would be crushed between individual selfishness and state interference, the care of children would more and more be made a state affair, family life would be emptied of its responsibilities as well as its privileges, of its burdens as well as of its joys, and marriage, with this source of permanence removed, become a temporary and arbitrary relation. What future transformations the institution of the family may be fated to undergo none can prophecy, but this is certain, that recent discussion has only tended to strengthen the view that no substitute yet proposed can vie with it in social utility, as a source of moral discipline, a means of socializing our thinking and of giving the ideals of fraternity, instinct, rather than paper mandates, for their basis. Any industrial revolution which involves the undermining of the family, rather than its reinforcement on firmer foundations, which involves the substitution of the clumsy, external barracks methods of the state, which makes the bureaucrat the universal mother and the state one vast orphan asylum, on that ground alone stands hopelessly condemned.

*The maintenance of liberty and of the family in the socialist state would seem to be difficult. Such risks alone would warrant very careful scrutiny of socialist proposals.*

### *The Socialist Campaign.*

The socialist campaign against capitalism has taken many different forms. The Utopian socialist sought to persuade all men of the justice of his plans, partly by discussion but chiefly by example, by the founding of model colonies. The Marxian was inclined at first to take a fatalist attitude, waiting for capitalism to dig its own grave. Those who lived in backward lands, like Spain or Russia, and those with an anarchist tinge everywhere, favored force. In later years political action became the favorite instrument, and strong political parties have been built up in many lands. Still more recently there has come a reaction toward syndicalism, or revolutionary action by workers grouped in unions.

The Utopian socialists, particularly the followers of Owen and Fourier and Cabet, appealed to all classes of society. They vied in the eagerness with which they recruited disciples and founded new centres of propaganda, corresponded, lectured, edited journals, multiplied pamphlets and popular expositions. Their chief method of propaganda, however, was experiment. The readiest way to convince mankind of the feasibility of the new proposals was to put them into execution on a small scale, to set up "duodecimo editions of the New Jerusalem," as Marx slightly put it later, and by the radiant success these experiments would attain demonstrate the possibilities of wider extension.

The outburst of socialist experiments, all doomed to failure, was a very interesting feature of the middle years of last century. There was no lack of variety; in the half-century from 1820 to 1870 hundreds of model communities were established, chiefly in the United States, the home of freedom and cheap land. Owen and Cabet and Considérant themselves headed colonies; Fourier was deprived of this opportunity through the failure of the millionaire for whom he trustingly waited every day from twelve to one for years, to present himself, but his American disciple, Arthur Brisbane, sowed the seed broadcast, sometimes to be astonished at the harvest. Into these experimental colonies there thronged enthusiasts of all degrees, high-souled and high-gifted lovers of their kind, transcendentalists of the traditional type who "dived into the infinite, soared into the illimitable and never paid cash." down to the more commonplace cranks whom Horace Greeley, himself a convert to Fourier in early days, characterized later as "the conceited, the crotchety, the selfish, the headstrong, the pugnacious, the unappreciated, the played-out, the idle and the good-for-nothing generally, who, finding themselves utterly out of place and at a discount in the world as it is, rashly con-

cluded that they are exactly fitted for the world as it ought to be."

It may be worth while to record some characteristic phrases out of the glowing prospectuses of the new societies, cited in Noyes' *History of American Socialisms*: "the barricades of selfishness and isolation are overthrown"; "to us has been given the very word this people need as a guide in its onward destiny; "we have been shown by the Columbus of the new industrial world how to solve the problem of the egg"; "destined to bless humanity with ages of abundance, harmony, and joy"; ". . . nurture this tree until its redeeming unction shall shed a kindred halo through the length and breadth of the land"; "a beautiful and romantic domain"; "Alphadelphia phalanx has been formed under the most flattering prospects: a constitution has been adopted and signed"; "enclosed within walls which beat back the storms of life"; "I expect to see all the arts cultivated and every beautiful and grand thing generally appreciated"; "the beautiful spectacle of prosperous, harmonic, happy phalanxes dotting the broad prairies of the West, spreading over its luxuriant valleys and radiating light to the whole land that is now in darkness and the shadow of death"; "three attorneys-at-law . . . are learning honest and useful trades."

So much for the dreams. The awakening was rarely long delayed. The great majority of the communities dissolved in failure in the first or second year of the experiment; a few of the Fourierist phalanxes, the Wisconsin, Brook Farm, and North American communities, lasted from five to twelve years; the Icarian experiment had over half a century of flickering existence, while a handful of religious communities, including the Shakers, the Amana Society, the Rappites, and the Oneida Community, still survive, though the latter two have virtually become ordinary joint-stock companies. As the sequel to the glorious visions cited in the preceding paragraph there might be set down extracts from the epitaphs written at the time, chiefly by members of the ephemeral communities: "the want of means and the want of men"; "the sole occupation was parade and talk"; "self-love was a spirit that could not be exorcised"; "hankering after the flesh-pots of Egypt"; "Mr. Owen was not a teachable man"; "there were few good men to steer things right"; "the soil being covered with snow, the committee did not see it before purchasing"; "there is no such thing as organization or unity without Christ and religion"; "quarreling about what they called religion"; ". . . did not prevent the purchase of hair-dye"; "there was no one to tell them what to do and they did not know what to do themselves"; "a band of musicians insisted that their brassy har-

mony was as necessary to the common happiness as bread or meat and declined to enter the harvest-field or workshop"; "some so contrive to work as not to be distant at meal-time"; "that which produces in the world only commonplace jealousies and everyday squabbles is sufficient to destroy a community"; "every one seemed to be setting an example and trying to bring the others to it."

*The Utopian socialist sought to convince mankind by setting up model communities. One and all failed or changed their basis. They gave a stimulus to reform, however, and to the modern garden city movement.*

The Marxian socialist, believing that the downfall of capitalism was inevitable because of the working of great social forces at present operating in industry, was sometimes inclined to let things take their course. This attitude was not widespread, however, and the socialist usually tried to do his part to make his prophecies come true. The followers of Marx had no sympathy with the Utopian schemes, partly because they believed in appealing to workingmen alone, and partly because their unit of future organization was the state, not the small community.

Then came a period of plotting and secret organization, of dreams of appeal to force. Yet slowly the faith in appeal to arms grew weak. The advancing prosperity of Europe, in which the working classes shared, lessened the thirst for barricade heroics. The advance of military science gave the professional soldier ever greater advantage over the amateur revolutionist. The experiences of the Paris Commune in 1871 revealed the strength and the solid conservatism of the rural population whom the socialists had left out of their reckoning. The gradual widening of the franchise opened up easier paths to victory. The growth of the doctrine of evolution put violent and sudden changes out of court. The traditions of 1830 and 1848 died with the men who had taken active part. But more and more, except in countries like Russia where reliance of autocracy on force prompted the use of force in return, the tactics of open revolution ceased to have practical weight, and survived chiefly in rhetorical antitheses between ballots and bullets, designed to send chills up bourgeois spines.

For the past generation, socialism has relied upon political action to usher in the co-operative commonwealth. Since workingmen were the most numerous body in the state, and since in most countries the franchise was widely extended or might be made so, all that was necessary was to show the

workingman where his interests lay, and the victory was won. So in every European country, and more recently on this continent, socialist parties have been built up.

It is not possible to review here the strength and the fortunes of the socialist parties of the leading countries. The world over nearly twelve million men vote the socialist ticket. In Germany, before the European war, the socialists had become the strongest party, every third man in the Empire being a socialist, but they did not control the government. In France the socialists were among the largest of the party groups and two socialists, or rather ex-socialists, have been premiers; in Belgium, Holland, Denmark, Sweden, Norway, they were strong, and in some cases the leading party. With this growth in members came a growth in opportunism. Experience soon showed that the middle-class did not disappear as Marx had prophesied; their influence was great and their votes numerous; the farmers particularly showed no signs of disappearing. To win them over, the programme and policy had to be changed. Even the city worker proved harder to win than had been expected, more anxious for immediate reforms than for the great revolution of the vague future. Lassalle once declared that workingmen would no longer be content with cheques on the Bank of Heaven; neither, it has appeared in Europe, would they be content with cheques on the Bank of the future socialist state. To secure their vote, the socialist party had to change its tactics and endorse reforms, such as the German insurance measures, which at first it had denounced as shams, mere palliatives and delusions. To get power, the party leaders began to make alliances with other progressive groups, and so gradually socialism on the continent of Europe has been changing into a more advanced type of radicalism.

The growth of this opportunist spirit in the socialist parties led to a reaction, in the movement known as syndicalism. This movement is a blend of anarchism and labor unionism. Its advocates, who are found chiefly in France, contend that political action always leads to compromises, leads to the socialist chiefs becoming hand in glove with other politicians and at last deserting their party for office. They claim that the industrial union should be the weapon of attack at present and the unit of organization in the future. By the general strike, the strike of all unions at once, capitalist society can be brought to its knees, and the socialist state ushered in. In this state, production will be organized by the respective unions, the mines controlled by the mine workers, the steel-works by the steel workers, and so on. Syndicalism spread rapidly through

Europe and America (where its doctrines are expounded by the I. W. W., or Industrial Workers of the World), and its influence was felt in French, Belgian, Swedish, British, Irish and American strike movements of an unusual revolutionary type, in the past few years.

*Force has been abandoned in all but backward states. Political action has had a large measure of success but at the expense of compromise and change. Syndicalism, a still more radical policy, threatens the socialist parties in many countries.*

In the United Kingdom, the growth of socialism has been hindered by relative prosperity, political freedom, racial love of compromise, and the bidding of other parties for workingmen's votes. The strictly Marxian Social Democratic Party, the able group of Fabians, including Sidney Webb, Bernard Shaw, Sir Sydney Olivier, and Graham Wallas, and the Independent Labor Party, represent different phases of the English movement. The Labor party, an organization of trade unionists seeking political power, is practically a left wing of the Liberals. All have influenced, none have dominated English politics.

In the United States organized socialism has found it even more difficult to obtain a footing than in the United Kingdom. Until of late years few of the economic and political conditions existed which have bred socialism in the older world. With half of a virgin continent to exploit, dazzling prizes were assured for the few and a high average of comfort for the many. Frontier conditions and the natural selection of immigration developed individualism to the full. The mobility of labor hindered the formation of class ties. The free land of the West assured alternative employment and high wages. The great preponderance of farmers, for the most part owners of the land they worked, made radicalism possible but collectivism incredible. A universal public-school system assured a fairly even start in the race.

Even when discontent arose, its organization and expression were extremely difficult. The size of the country made against nation-wide agitation. Racial diversity and jealousy prevented the development of a common class consciousness. The negro danger in the South solidified the white population and silenced social discussion. The political environment was equally unfavorable. Universal suffrage and freedom of speech and association gave disaffection ready outlet, but prevented it attaining the explosive force that follows repression.

The constitution, while, in reality, one of the least democratic in the western world, was surrounded by a Fourth-of-July halo which awed criticism, socialist and other, and persuaded the people they were fortunate above all other men in their free institutions. Nowhere, again, is it so difficult for a third party to develop as in the United States. The two-party habit is firmly rooted in tradition. The popular dislike of throwing away a vote deters all but the most earnest from aiding a struggling third party. Above all, politics has become a business in which elaborate organization and a fat bank account give tremendous advantage: the spoils at the victors' disposal have made organization worth the politician's while, the multiplicity of offices for which the bewildered elector is forced to choose candidates makes organization necessary and inevitable. Against the two powerful party machines the amateur is heavily handicapped.

Yet of late years the socialist has found more cause for hope. Industry is concentrated in ever huger combinations, vital national resources are monopolized, wealth beyond the dreams of earlier avarice is heaped in single hands, fraud and corruption are revealed in the realms of high finance, easily-gotten gains are flaunted in raw barbaric display. The poverty of Naples and Warsaw is transplanted to New York and Chicago. Free land and the frontier vanish; for the future, "America is here or nowhere." The evils of child labor, of slum mortality, of uncompensated accident stir revolt. In years of low prices the farmer groans under the weight of mortgages; when prices soar and the farmer buys his motor-car, the consumer, forced to economies which go against the grain, vents his indiscriminate wrath on the middleman, the trusts, or "the System." The trade unionist, faced with embattled employers' associations and hostile court decisions, is led to look to political action for protection. The German immigrant, the Jew and the Finn, spread the socialism of Europe. The muckraker develops a vaguer, more diffused socialistic sentiment among the native-born. The socialist is fain to believe his day is dawning.

The twentieth century socialist movement has an American rank and file, middle-class leaders and an increasingly opportunist programme. Socialism in the United States has ceased to be a foreign importation; the recent growth has been mainly among the native-born. It has ceased to be purely a movement of manual workers: the leaders are usually men of liberal education and professional occupation, while the middle-class representation in the ranks is increasing. Its policy is increasingly opportunist, although it has not yet been transformed into a mere radical reform party.

Yet the socialist party has not grown as its advocates hoped. The rise of the Progressive party, and the development of a Progressive wing in the Democrat party, absorbed the radical sentiment that might otherwise have gone to the socialists. Possibly the present revival of the Republicans means a sharper contrast between standpatters and progressives, and may lead to a reaction in other circles toward the socialists. On the other hand, the growth of syndicalism and industrial unionism among the unskilled workers, especially those of foreign birth, is weakening the socialist party at the other end.

In the northern half of the continent socialism has found still less foothold. Canada is not yet as advanced in industrial development as the United States; agriculture dominates. Widespread poverty is unknown; the gates of opportunity are open wide. The power of the Catholic Church in Quebec erects a solid barrier in the path of socialism. The cabinet system inherited from Britain and the party machine adopted from the United States both make against group politics. Only in recent years, with growing immigration from continental Europe and with growing industrial complexity, has the movement gained any strength. Winnipeg has a strong socialist element in its motley foreign quarter, Toronto, Montreal, Cape Breton, and a few other industrial and mining centres have small coteries, but it is only in British Columbia that socialism has developed any political importance. In the Pacific province the comparative weakness of the farming class, the prevalence of mining and other industries requiring large-scale capitalist investment, the discontent of failure in the last and farthest west, the influence of American and English socialists, combined with aggressive leadership, have given rise to a socialism of thoroughgoing Marxian orthodoxy, and have enabled the party to poll one-fifth of the provincial vote. Even in British Columbia, however, there seems little scope for further expansion, and elsewhere in Canada the socialist movement is likely to remain for some years of minor importance.

*In the English-speaking world organized socialism has made less headway than elsewhere, because of racial temper, political freedom, party methods, economic opportunity and other forces.*

### *Is there a Drift toward Socialism?*

The discussion above has been confined to the organized and conscious movement. Yet, it is often declared, we are

drifting into socialism unconsciously. Measures are being adopted by leaders and parties who do not call themselves socialists, which really are socialism on the instalment plan.

What are the tendencies which are said to make for socialism? They are, the rapid growth of state and municipal ownership, the regulation by the state of that part of industry which it has not yet taken over, the supertaxing of the rich and the supercoddling of the poor. Every time a western town starts a municipal street railway, or a Lloyd George proposes an Unemployment Insurance Act or "raids some hen-roosts," or a Canadian province insists on a maximum of hours, or a minimum of sanitation in industry, the step is hailed alike by many who fear and many who hope, as another advance toward socialism. Are these hopes and fears justified?

Take first government ownership. Its growth has been striking, but its extent and its significance are commonly exaggerated. Its growth has been confined to a limited and specific field. An occasional town has opened a municipal bakery, an occasional state monopolizes the manufacture of matches, with results which throw a good deal of light on state methods, but at least ninety-five per cent. of the productive industrial operations of our governments fall within the bounds of the natural monopolies of transport, communication, and transmission of water, light, heat and power. They are operations which require special and exclusive privileges in the use of the streets, surface or underground, or in the grant of expropriation powers; some are of special importance to public health or national safety; they are relatively simple in operation, staple in demand, stable in revenue; in all, competition is wasteful and transitory, because from the nature of the service both competitors must try to cover the whole ground, with costly duplication of plant.

Neither the success nor the extension of public ownership in this field warrants the deduction that it is either feasible or inevitable in the region still reserved to private initiative. In the latter field no exclusive privileges are sought, the business is highly complex, the changes in method frequent, the market fluctuating and requiring assiduous nursing and here, finally, competition involves only to a slight degree covering the same ground. Even in the former field, public regulation may well share the field with public ownership. The day of unregulated private control of public utilities is gone, but the possibilities of private operation under the supervision of commissions freed from court technicalities are only beginning to be realized.

Again, the growth of public ownership should be considered in proper perspective. The real question is, is a larger proportion of the field of industrial activity coming rapidly under state operation? Public ownership moves in the limelight of newspaper comment and council debate; private ownership suffers the obscurity of the obvious. We see a western province setting up a public telephone system, but forget that in the prairie provinces in a recent year farm lands twice the area of Wales passed from public to private ownership. We see a town, after protracted discussion, decide to buy the street railway company, but overlook the score of factories set up, the branch banks opened, the stores extended, during the same period.

Definite and comparable statistics of the extent of public ownership at different periods are difficult to obtain, but some indications may be given. In the United States the total property exempt from taxation, including national and local government property, as well as religious and educational property—the latter about one-third of the whole—formed in 1890, 6.0 per cent. of the nation's wealth, and in 1904, 6.2 per cent. Certainly the advance is not cyclonic. In 1908 the total productive undertakings of United States cities of 30,000 and over were capitalized at about \$990,000,000, a great amount, it is true until compared with the \$9,450,000,000 *increase* in the ten years from 1899 to 1909 in the capital invested in private factories, or the \$20,550,000,000 *increase* in the value of private farm property in the same period.

Not only is more and more capital being invested in old lines, but entirely new fields are opened for private enterprise, which more than offset the encroachments of public ownership. Motor car manufacturing, almost entirely a growth of the past decade, employs ten times more capital than all the municipally-owned gas and electric light and electric power plants in the United States. Or turn to the United Kingdom, where municipal ownership has found greater favor; there the total investment in municipal enterprises is little more than one per cent. of the total wealth of the country, and the bulk even of this is cancelled by the debts due to private bondholders.

Nor should we lose sight of certain factors which do not prevent a limited degree of state ownership coming about, but which render its full extension difficult and improbable. It has been private capital that has financed public ownership. It is in private industry that the dividends have been reinvested. It is private industry that has trained the men, devised the

methods and often provided the stimulus that have made state activities successful, and that has afforded the outlet for those not content in the state's rigid service. But this is possible only when public industry is small compared to private. The saturation point is soon reached. And further, the solution we have adopted of the political problem—forbidding or discouraging state employees taking an active part in politics—is possible only when these employees are a small fraction of the whole working force. Extend the system, and you disfranchise the nation. When everybody is a civil servant you cannot take the service out of politics.

*The growth of public ownership does not, as frequently imagined, imply socialism or the in-  
ment plan. Its growth is limited to a definite field,  
and is relatively small.*

Government regulation of industry, again, is undoubtedly increasing. But it does not follow that its net result is to lessen competition. The state referees the game, but the game is none the less strenuous because played under rules. Government intervention is not necessarily wise, governments as a rule, being merely human, but neither is it necessarily hampering. A child labor law, prohibiting the employment of children under fourteen, does not do away with competition, but, as we have seen, simply raises it to a higher plane. Employers may compete in organization, in opportune buying and selling, in quickness to seize new methods and new openings, but they must not compete in callous disregard of childhood weakness and childhood needs. A Railway Commission, forbidding one competitor to crush another by secret rebates, gives competition new lease of life. It was the lack of regulation of railway rates that permitted the Standard Oil Company to crush its competitors; under regulation, the rivals of the Steel Trust and the Sugar Trust are wrestling yearly a larger share of trade.

So with state provision of common needs, in free schools, free parks, free playgrounds. Such state activities can fairly be said to make for socialism only where it would be reasonably possible for the individual to provide the service himself, and where the net result is to weaken self-reliance. Free public parks supply a need which the average dweller, in our congested cities can no longer meet himself; free boots for school children supply a need he could meet, or if not, the trouble is too deep-rooted to be cured by any such tinkering.

Does the help given lessen the initiative, the self-reliance, the independence of the recipients, or does it enable them to

help themselves, make them more fit and more inclined to take their part in the struggle? Free education should be rated as on the whole an individualist measure; the non-contributory old age pensions scheme recently adopted in England, with its failure to grapple with the causes of the poverty it sought to meet, its inevitable sequel in demands for higher pensions and lower age limits, is distinctly a socialist step. It is significant, as has already been pointed out, that in the later Lloyd George insurance measures the non-contributory basis has been abandoned.

Conceivably, the taxing power of the state could be brought to bear so heavily on the rich as to amount to confiscation. But as a matter of fact, while the tendency in Europe is to make the broader back take a larger share of the burden, it can hardly be said on any reasonable interpretation of ability to pay that the rich are as yet taxed unduly. And as for Canada, the case is quite contrary. Here, with our reliance mainly on indirect taxation, our rich men are undertaxed, though there is a tendency now toward direct taxation.

Not only are these policies not necessarily socialistic. They are, on the contrary, the best bulwarks against socialism. They are homeopathic cures, vaccination against its growth. For private property to-day is on the defensive. It has no heaven-born sanction. It will endure only so long as it proves socially useful. The hour of social as well as political democracy has come. The ideal that will prevail, that shared by socialists and individualist reformers alike, is the organization of industry in the interest of the masses of the people. Our existing order will endure if it can be made, and can be shown, to be true, that private property is a better means of attaining this end than collectivist property. It must be shown that within the existing framework of society we can combine private initiative and private energy with social control and social justice. Every tax-dodging millionaire, every city slum, every instance of shady high finance or of overworked and underpaid employees, is a potent argument for socialism. Remove the grievances—and they are many, even though exaggerated by the socialist out of all perspective—and the socialist has lost his best ammunition.

*The progressive policies of social reform outlined are really bulwarks against socialism, homeopathic cures. Social justice and social progress must be secured, but can best be secured by private property and state regulation.*

### *Questions for Review.*

1. Define socialism, capitalism. Why is socialism a difficult term to define? What are the different phases or aspects of socialism? Why has it become important only in recent years? What was Karl Marx's part in its development?

2. What are the chief charges made by socialists against the existing order, on the side of production? on the side of distribution? What general criticisms may be made of this indictment? What strong points of the present system are ignored? What of the weak points? Is a flawless social order possible? If not, should we be discouraged from attempting any betterment?

3. What was the Utopian socialist analysis? What is the materialist conception of history? What light does it throw on the causes of past wars, for example? Is it a sufficient explanation? Is class-struggle the main feature of modern life? Explain the labor theory of value, and the surplus value theory. Comment on each. Trace the argument summed up as the law of capitalist development. How far has this forecast been fulfilled?

4. What is the socialist programme as to the future state? Would socialists expropriate the capitalist without any compensation? How would production be organized? the work be allotted? the output be regulated? How would reward be determined? What of the family under socialism?

5. What are the chief forms taken by the socialist campaign? Where is force relied upon? Why abandoned elsewhere? What was the outcome of the Utopian socialists' model community experiments? Why is there a tendency to fatalism among Marxian socialists? What political success has socialism won? What is syndicalism? What is the strength and form of the socialist movement in the United Kingdom? the United States? Canada?

6. What is meant by "socialism on the instalment plan?" What are the tendencies said to make for socialism? How far is this true in the case of government ownership? of government regulation? of state help? What is the net result of the policies reviewed?

### *Questions for Written Answer.*

1. Answer one of the Review questions.

2. Explain the difference between socialism and anarchism.

3. What appear to you to be the strongest, and what the weakest, points in socialism?

4. How far do you think the European war of 1914-following bears out Marx's theory of the part economic factors play in history?





